26th Annual Report 1960

O'BRIEN

Gold Mines Limited

JAN 6 1961
McGILL UNIVERSITY

Twenty-Sixth Annual Report of

O'BRIEN

Gold Mines, Limited

OFFICERS

President, J. Barry O'Brien

Vice-President and General Manager, Alan Scott

Secretary-Treasurer, R. Ferrier Burns, C.A. *Assistant Secretary-Treasurer*, E. J. Turnbull

DIRECTORS

J. Barry O'Brien

B. A. O'Brien

M. J. O'Brien, Jr.

Alan Scott

St. Barbe Sladen

STOCK TRANSFER AGENT & REGISTRAR

Montreal Trust Company

Montreal and Toronto

OFFICES

Executive Office

Ottawa, Ont.

Head Office

Kewagama, Que.

Directors' Report

To the Shareholders of
O'BRIEN GOLD MINES, LIMITED

Your Directors submit herewith their Twenty-sixth Annual Report together with the Auditors' Report to the Shareholders and the Financial Statements for the fiscal year ended September 30, 1960.

Total revenues declined by $53,386 as compared with the previous year, due largely to the changed status of your Company's participation in Western Canada oil and gas developments through Alminex Limited, details of which appeared in the last Annual Report. Expenditures of the year at $82,614 show a reduction of $10,912. The result is a Net Loss of $55,936 compared with a Net Loss of $13,462 in the previous year. After giving effect to further clean-up sales of Cadillac buildings and equipment in the net amount of $7,201, the balance in Surplus Account at September 30, 1960 stands at $305,103, a reduction of $48,735 in the year.

Turning to the Balance Sheet, the net working capital (excess of current assets over current liabilities) decreased $77,779 during the year under review. The investment of a further $50,000 in shares of your Company's copper mining venture in Newfoundland accounts for a large part of this decrease, while the excess of other exploration and administrative expenses over investment income and miscellaneous receipts accounts for the balance.

Atlantic Coast Copper Corporation Limited, in which your Company now holds 1,275,002 shares (42.1%) of the issued stock, decided early in 1960 to prepare its Little Bay copper property for production as quickly as possible. Your Company, in its capacity as manager of the operation, has been primarily engaged during the year in the furtherance of this project. A heavy construction programme involving a 1,000 ton concentrator, mine office and change house, assay office, water reservoir and lines and seven dwellings was commenced in May and will be completed by the end of 1960. A concentrate storage shed and loading dock

will be added during the early months of 1961 in readiness for the opening of navigation in the spring. Power requirements will be purchased from the Little Bay Power Corporation Limited, which is now installing an adequate steam turbine unit.

The mine development programme was interrupted from June to September to permit the deepening of the mine shaft a further 250 feet. This will provide an additional horizon (1,150 foot level) for mine development in the early stages of production and will make it possible to continue shaft sinking at a later date without interruption to production operations. A thorough study of extraction procedures was carried out during the summer, and the necessary raising and stope preparatory work is again underway. It is expected that production will commence in March 1961 at a rate of approximately 650 tons per day rising to 800 tons per day by June and to 1,000 tons per day within a year thereafter.

Estimated capital cost of the surface construction, shaft deepening and mine development programmes to the commencement of production is approximately $2,400,000. Ten year sinking fund debentures in the amount of $2,000,000, bearing interest at 6¼%, were sold in the open market on July 4, 1960 and have been guaranteed as to principal and interest by the Province of Newfoundland. The balance of the necessary funds has been secured by a joint undertaking on the part of your Company and Lanson Holdings Limited to make interest-bearing advances as required up to $475,000, with an option to acquire the remaining 475,000 unissued shares of Atlantic Coast Copper Corporation Limited in settlement of such advances at a price of $1 per share, exercisable on or before June 1, 1963. In this connection, your Company stands as guarantor for the whole of this financing.

General prospecting was continued in the area north of Chibougamau, Quebec, with no findings of interest to report. A second prospecting party was engaged during the past summer in a further examination of the Bachelor Lake property and surrounding district. It is conceivable that further diamond drilling on your Company's forty-claim group in that area may be warranted, particularly if an upward revaluation in the price of gold should materialize.

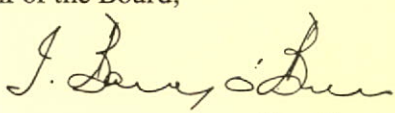
Your Company subscribed for a further 15,000 shares of H. G. Young Mines Limited during the year. However, 25,500 shares were sold at a profit, reducing the investment in this company to 2,000 shares. There are no commitments to participate in any subsequent financing, but an option to acquire an additional 50,000 shares is exercisable after six months of profitable production at this Red Lake property. In this connection it may be noted that production operations were commenced in July 1960.

The exploration activities of the Temiskaming Project Syndicate in the Cobalt area failed to disclose any worthwhile silver occurrences and the Syndicate was terminated in August 1960. Your Company has now accepted a participation in two additional Syndicate ventures in the same field involving a preliminary commitment for the year ahead of $4,500. Costs incurred in the Temiskaming Project Syndicate, in the amount of $24,401, have been fully written off as a charge to outside exploration in the year under review.

Your Company's holding in Alminex Limited has been maintained without change throughout the year. The market value of this holding, as noted in the Balance Sheet, is considerably reduced in comparison with a year ago and reflects the difficult marketing problems which confront Western Canada oil and gas production. It cannot be expected that dividends will accrue from this investment for some time, but it is evident that Alminex Limited continues to grow in oil and gas reserves, daily production and productive potential. The active exploration and development programme now in progress is expected to maintain this trend in the immediate future.

Your Directors again take this opportunity to express their appreciation of the loyal and efficient services of the staff in the conduct of the year's operations.

On behalf of the Board,



President.

November 29, 1960

ASSOCIATED WITH
COOPERS & LYBRAND
CANADA, UNITED KINGDOM, UNITED STATES OF AMERICA,
MEXICO, BELGIUM, FRANCE, HOLLAND, GERMANY,
AUSTRALIA, NEW ZEALAND, SINGAPORE, MALAYA,
CENTRAL, EAST, SOUTH AND WEST AFRICA, BELGIAN CONGO

McDONALD, CURRIE & CO.
CHARTERED ACCOUNTANTS
COOPER BROTHERS & CO.
CHARTERED ACCOUNTANTS

MONTREAL QUEBEC OTTAWA TORONTO SAINT JOHN
CHARLOTTETOWN HALIFAX RIMOUSKI SHERBROOKE HAMILTON
KITCHENER WINNIPEG EDMONTON CALGARY VANCOUVER

TELEPHONE
CENTRAL 5-7231
CABLE ADDRESS
"CURMAC"
222 SOMERSET STREET WEST
OTTAWA 4
ONTARIO, CANADA

November 9, 1960

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of O'Brien Gold Mines, Limited (No personal liability) as at September 30, 1960 and the statements of profit and loss and surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of profit and loss and surplus, when read in conjunction with the notes appended thereto, are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at September 30, 1960 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDonald, Currie & Co

CHARTERED ACCOUNTANTS

O'BRIEN Gold Mines, Limited (NO PERSONAL

(Incorporated under the laws of Quebec)

Assets

Current Assets

Cash		$ 12,298	
Accounts receivable		5,936	
Securities — at cost and accrued interest (quoted market value $453,762)		504,023	
			522,257

Other Assets

Prepaid expenses		743	
Shares in Alminex Limited — at cost, less amounts written off in previous years (quoted market value $1,180,608)	$759,133		
Shares in Atlantic Coast Copper Corporation Limited — at cost (quoted market value $1,976,408) (Note 1)	774,255		
		1,533,388	
Sundry investments and mining claims at nominal values		6	
			1,534,137

Fixed Assets

Mine property — at cost (Note 2)		1,385,123	
Mine plant, buildings and equipment — at nominal value (Note 2)		1	
			1,385,124
			$3,441,518

NOTES: 1. The company has a commitment to make advances to Atlantic Coast Copper Corporation Limited to a maximum amount of $474,995, if, as and when required, with the option of converting such advances into shares up to June 1, 1963 at $1 per share.

2. Mining operations were discontinued in 1956. The amounts shown for mine property and mine plant, buildings and equipment are not intended to reflect present or future values.

LIABILITY) # Balance Sheet as at September 30, 1960

Liabilities

Current Liabilities

Accounts payable and accrued liabilities		$ 4,846

Capital Stock and Surplus

Capital stock—		
Authorized—		
4,000,000 shares of a par value of $1 each . .	$4,000,000	
Issued as fully paid and non-assessable —		
3,381,569 shares	3,131,569	
Surplus	305,103	
		3,436,672
		$3,441,518

Approved on behalf of the Board

J. BARRY O'BRIEN
ST. B. SLADEN
} *Directors*

O'BRIEN Gold Mines, Limited

(NO PERSONAL LIABILITY)

Statement of Profit and Loss

For The Year Ended September 30, 1960

Revenue

Recovery from gold bearing residues	$ 554	
Interest	20,030	
Dividends	2,881	
Profit on sale of securities	3,213	
		26,678

Expenditure

Outside exploration — mining	37,815	
Mine property expense	1,506	
Administrative and general	43,293	
		82,614
Net Loss For The Year		$55,936

NOTE: Depreciation of $848 has been charged before determining the net loss for the year.

Statement of Surplus

For The Year Ended September 30, 1960

Balance — September 30, 1959	$353,838
Net proceeds on disposal of mine plant, buildings and equipment during the year	7,201
	361,039
Net loss for the year	55,936
Balance — September 30, 1960	$305,103